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CENTRAL INTELLIGENCE AGENCY

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COUNTRY China

SUBJECT Dealings of North China Foreign Trade Corporation

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SUPPLEMENT TO REPORT NO. [REDACTED]

1. With the trade bureau still in a state of confusion, the economic situation in Tientsin has not improved.

2. The North China Foreign Trade Corporation (NCFTC) obtained advances from representatives of foreign firms of around \$300,000 for a cargo of dry eggs and contracted with the local egg factories for June delivery of the eggs. However, when the eggs were delivered the Communist testing bureau refused to pass them.

3. One main Communist order for copper wire, amounting to about US \$500,000, failed when the Chinese broker did not buy enough exchange on the black market and instead loaned out the contract money at 15 percent interest. The broker is now in jail. A sharp drop in copper prices enabled other brokers to make a better offer which the NCFTC turned down, stating that they had no money to pay for the wire.

4. Interest in tin has dropped because of the acquisition of stocks in Shanghai.

5. The new People's Government of Inner Mongolia signed a contract with the Communist North China Government to supply 700 catties of sheep's wool. The intention of the Communists is to gain control of the total output of Mongolian wools.

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